

MARKET TRENDS

LOS ANGELES

INDUSTRIAL

MARKET DRIVERS

The industrial leasing and sales market continues to show relative resilience despite ongoing global uncertainty and economic instability. While multiple international conflicts, elevated interest rates, and new tariff policies have created headwinds, logistics demand remains steady. Rental rates and sale prices have continued to trend downward, to the point now where the perceived value proposition is increasing overall activity.

LEASING MARKET

Leasing activity is picking up, with increases in signed leases, tours, and inquiries. The recent 165,000 SF lease with Watson Land Company for Energy Logistics helped ignite a wave of leasing activity in the South Bay, where Watson has now leased or is close to leasing four additional vacancies. Prologis had a similar run in the Central submarket, filling four of its own vacancies. Rental rates for Class A are now below \$2.00/SF gross, and Class B is mostly below \$1.50/SF gross. Amazon is rumored to be close to signing a lease for Goodman's new 500,000 SF facility in Long Beach. While vacancy persists, recent leasing activity indicates that tariffs and broader trade concerns did not cause all users to hit the pause button.

SALE MARKET

Institutional investors remain cautious when it comes to vacant assets, largely due to uncertainty around stabilized lease rates. However, transactions are occurring in sub \$300/SF range. As more sales fall below \$300/SF, seller expectations—still anchored in peak pandemic pricing—may begin to reset.

MetLife is currently marketing a two-building, 100,000 SF asset in Redondo Beach, and OMP has brought a 142,000 SF Amazon-leased facility to market just north of LAX. As these deals close, market participants will gain more clarity around cap rates, which are currently projected to exceed 5.5%.

NEAR-TERM OUTLOOK

Despite ongoing questions about a potential recession, the industrial market shows early signs of recovery in both leasing and sales, though activity remains inconsistent. Declining rental and sale prices are drawing interest to well-located, high-quality buildings.

If the economy can avoid significant disruption—whether from geopolitical tensions or further monetary tightening—and if interest rates ease, the second half of 2025 should see continued improvement.

Market Summary

	2Q25	1Q25	2Q24	YOY Change
Direct Vacancy Rate	5.6%	5.5%	4.9%	14.30%
Availability Rate	8.7%	8.3%	7.8%	11.46%
Direct Asking Lease Rate	\$1.48	\$1.52	\$1.56	-5.13%
	2Q25	1Q25	2Q24	YOY Change
Total Lease Transactions (SF)	4,589,155	9,005,902	9,023,713	-49.14%
Sale Transactions (SF)	1,499,663	2,259,349	1,583,792	-5.31%
Direct Net Absorption	-385,752	818,143	-2,161,455	N/A

↓ **4.6M SF**
LEASING ACTIVITY

↑ **-386K SF**
NET ABSORPTION

↑ **5.6%**
VACANCY RATE

↓ **\$1.48**
ASKING RENT (AVG)

↓ **661K SF**
NEW DELIVERIES

Year-Over-Year Trend

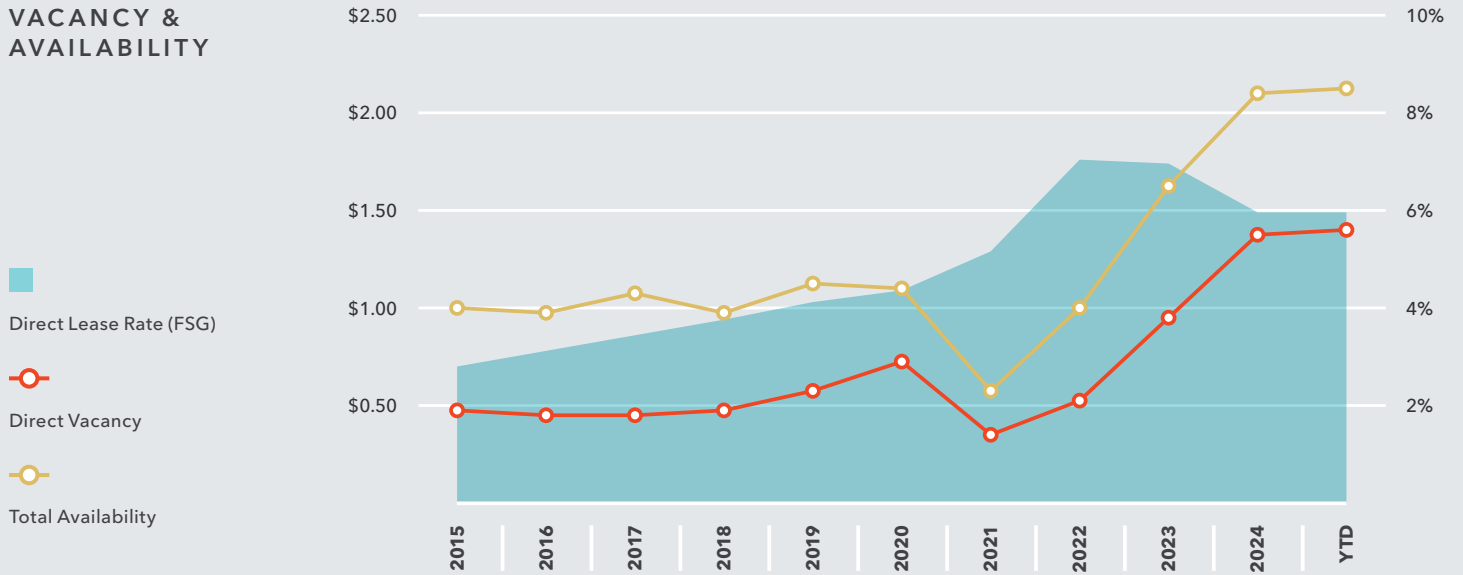
Market Highlights

DIRECT MARKET VACANCY in Los Angeles is stated at 5.6%.

IN THE SECOND QUARTER OF THE YEAR, the average asking rate is \$1.48/SF on a triple net lease (NNN) basis.

AN AVERAGE SALE PRICE of \$281.71 per square foot and a cap rate of 5.3%.

LEASE RATE, VACANCY & AVAILABILITY

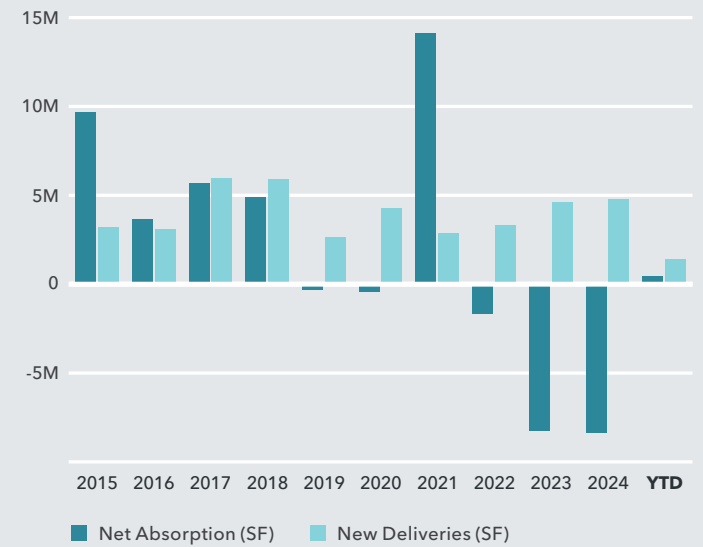


BIGGEST SALE OF THE QUARTER

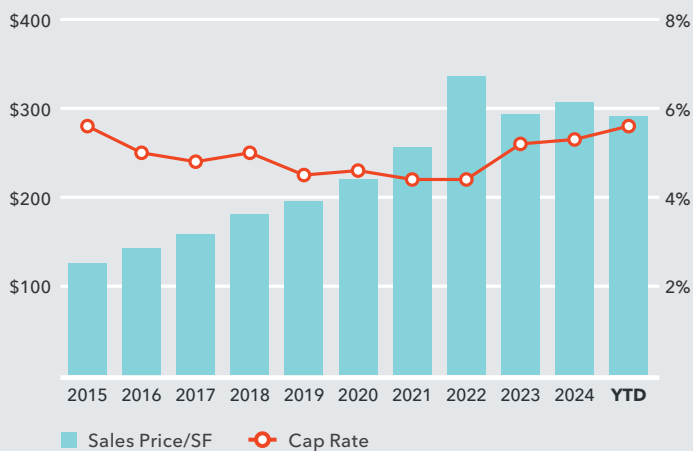
*15015 Valley View Ave
Santa Fe Springs, CA*



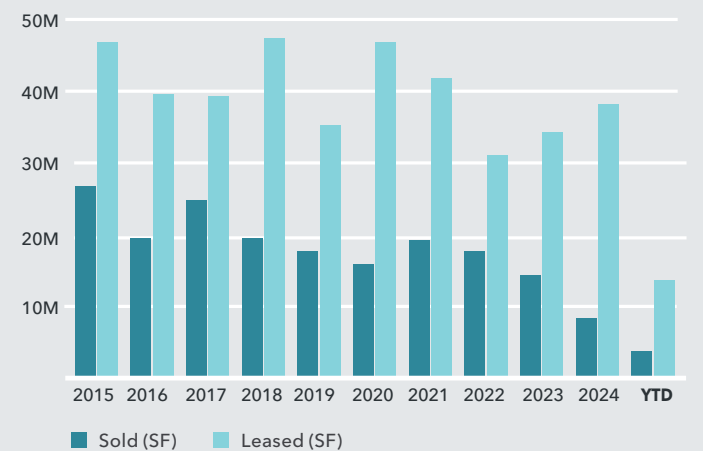
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Sublet Vacancy Rate	Total Vacancy Rate	Total Availability Rate	QTR Direct Net Absorption	YTD Net Direct Absorption	QTR Total Leasing Activity	YTD Total Leasing Activity	Average Rental Rate (NNN)
Bell/Bell Gardens/Maywood	7,593,726	2.5%	1.6%	4.1%	2.7%	-52,883	61,933	64,347	370,059	\$1.34
Commerce	46,222,011	8.5%	0.5%	9.0%	10.8%	-176,898	-61,077	777,095	1,393,378	\$1.46
Huntington Park/Cudahy	4,846,038	4.1%	0.3%	4.5%	7.5%	-80,600	-4,990	14,400	75,340	\$0.83
Los Angeles	126,592,924	6.3%	0.4%	6.8%	8.2%	-330,216	-82,307	690,795	1,840,662	\$1.62
Montebello/Monterey Park	11,862,471	5.7%	0.4%	6.1%	6.5%	-38,587	58,975	42,701	222,663	\$1.47
Pico Rivera	10,304,649	8.0%	1.1%	9.2%	11.4%	-12,382	-143,242	24,876	38,247	\$1.32
South Gate	9,703,315	3.0%	0.0%	3.0%	7.1%	47,250	37,424	47,250	51,550	\$1.27
Vernon	45,074,952	5.2%	1.9%	7.0%	8.2%	-71,472	-3,235	519,789	989,321	\$1.29
Central	262,200,086	6.3%	0.7%	7.0%	8.5%	-715,788	-136,519	2,181,253	4,981,220	\$1.49
Artesia/Cerritos	13,139,869	6.7%	0.8%	7.5%	11.1%	-15,841	-25,372	56,492	394,531	\$1.30
Bellflower/Downey	5,735,996	5.4%	0.0%	5.4%	7.9%	-133,000	-153,199	7,759	9,259	\$1.08
Buena Park/La Palma	15,485,673	8.3%	2.7%	11.0%	12.8%	775,137	637,103	86,952	104,302	\$1.43
La Mirada	13,212,911	7.9%	2.0%	10.0%	11.6%	-57,039	-137,693	27,065	280,970	\$1.53
Norwalk	2,924,525	4.6%	0.0%	4.6%	5.0%	8,150	-60,160	0	8,150	\$1.49
Paramount	9,311,822	2.7%	0.2%	2.9%	4.9%	-33,571	-41,607	75,995	140,048	\$1.21
Santa Fe Springs	54,313,376	5.9%	1.0%	6.9%	10.1%	269,427	-147,649	452,417	1,365,623	\$1.52
Whittier	3,761,045	10.8%	0.7%	11.5%	20.7%	-4,745	-179,758	15,169	19,719	\$1.23
Mid-Cities	117,885,217	6.4%	1.2%	7.5%	10.4%	808,518	-108,335	721,849	2,322,602	\$1.42
Alhambra	2,203,708	4.1%	1.1%	5.2%	5.4%	-6,989	-36,644	13,414	29,785	\$1.38
Arcadia/Temple City	3,189,583	4.9%	0.0%	4.9%	5.9%	24,072	36,301	15,996	31,703	\$2.17
Azusa	7,056,070	6.5%	1.6%	8.1%	14.7%	-12,364	84,940	2,540	23,900	\$1.33
Baldwin Park	5,323,549	3.4%	0.5%	3.9%	4.5%	25,173	-661	5,502	66,569	\$1.49
City of Industry/DB/HH/RH	77,717,601	4.4%	1.4%	5.8%	6.1%	566,061	1,066,599	376,179	2,611,098	\$1.44
Covina/West Covina	3,447,980	4.1%	0.0%	4.1%	12.8%	-15,148	-38,373	10,290	27,010	\$1.27
Duarte	1,799,956	4.7%	0.9%	5.6%	8.4%	5,332	11,919	10,312	31,031	\$1.22
El Monte	8,929,590	3.3%	1.8%	5.1%	6.2%	16,472	9,403	43,101	106,823	\$1.55
Irwindale	13,318,903	5.3%	0.4%	5.7%	8.3%	-74,727	4,657	198,423	215,283	\$1.37
La Puente	2,160,599	2.8%	0.0%	2.8%	5.0%	-38,569	-35,837	0	18,693	\$1.50
Glendora/La Verne/San Dimas	6,785,339	3.0%	0.0%	3.0%	11.4%	24,903	37,863	38,144	62,565	\$1.50
Monrovia	3,320,564	2.8%	0.0%	2.8%	5.4%	-18,091	25,012	12,418	23,978	\$1.75
Pomona/Claremont	20,648,708	5.5%	0.3%	5.8%	7.8%	84,544	88,642	79,398	506,669	\$1.09
Rosemead/San Gabriel	2,250,558	4.1%	0.0%	4.1%	4.1%	-45,931	-31,261	7,680	15,980	\$1.57
South El Monte	11,237,413	3.7%	0.3%	4.0%	3.3%	-10,248	-46,879	116,789	189,312	\$1.38
Walnut	7,145,164	12.2%	1.0%	13.2%	10.0%	-250,990	-274,725	27,269	290,670	\$1.24
San Gabriel Valley	176,535,285	4.8%	0.9%	5.7%	7.1%	273,500	900,956	957,455	4,251,069	\$1.34
Carson	35,785,361	4.0%	1.1%	5.1%	7.7%	-216,920	129,702	33,026	358,611	\$1.58
Compton	25,141,856	6.8%	1.1%	7.8%	11.7%	-287,454	-180,464	79,700	292,383	\$1.35
El Segundo	7,481,192	1.0%	0.2%	1.2%	3.1%	-28,566	-37,621	10,210	10,210	\$2.62
Gardena	29,248,916	6.4%	0.6%	6.9%	8.3%	-41,784	-63,545	108,705	339,534	\$1.58
Harbor City	1,804,795	0.0%	0.7%	0.7%	1.9%	2,600	4,048	10,000	106,616	\$0.75
Hawthorne	8,217,244	2.4%	2.5%	4.9%	8.1%	77,309	57,114	60,738	88,778	\$1.75
Inglewood	4,860,173	1.8%	2.9%	4.7%	5.1%	-12,579	7,327	9,450	41,853	\$1.55
Lakewood/Hawaiian Gardens	538,131	1.4%	0.0%	1.4%	1.7%	-5,199	0	2,450	3,450	0
Lawndale	268,126	0.0%	0.0%	0.0%	0.0%	9,098	15,370	9,098	9,098	0
Long Beach/Terminal Island	24,019,403	5.5%	0.6%	6.1%	13.0%	-117,992	-92,735	58,410	245,572	\$1.47
Lynwood	4,394,493	5.2%	0.0%	5.2%	1.7%	-209,646	-153,946	201,027	225,527	\$1.32
Rancho Dominguez/E Rancho Dominguez	14,137,251	7.9%	1.0%	8.8%	11.9%	-53,007	-154,975	67,926	67,926	\$1.50
Redondo/Hermosa Beach	1,748,119	0.0%	0.0%	0.0%	0.1%	0	0	0	0	0
San Pedro	2,782,567	13.3%	1.4%	14.7%	15.6%	1,348	-1,282	0	0	0
Signal Hill	3,066,167	3.8%	0.2%	4.0%	6.9%	-6,218	-10,589	30,498	83,506	\$1.00
Torrance	29,469,445	4.1%	1.1%	5.3%	11.7%	148,414	283,368	39,130	123,902	\$1.82
Wilmington	3,985,718	2.1%	0.0%	2.1%	3.8%	-11,386	-25,483	8,230	43,200	\$1.50
South Bay	196,948,957	5.0%	0.9%	5.9%	9.4%	-751,982	-223,711	728,598	2,040,166	\$1.56
Los Angeles Total	753,569,545	5.6%	0.9%	6.5%	8.7%	-385,752	432,391	4,589,155	13,595,057	\$1.48

SIGNIFICANT SALE TRANSACTIONS 2Q 2025

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
15015 Valley View Ave	Mid-Cities	302,850	\$128,000,000	\$422.65	W.P. Carey Inc.	Brookfield Property Group
18045 Rowland St	SGV	200,000	\$65,204,000	\$326.02	MSI Computer Corp	Blackstone Inc.
1055 Sandhill Ave	South Bay	127,775	\$52,502,748	\$410.90	Carson Warehouse Corporation	Rexford Industrial Realty, Inc.
753-759 Arrow Grand Cir	SGV	71,762	\$20,848,314	\$290.52	Kidsmania	CTT Tools
2288 E 27th St	Central Los Angeles	32,000	\$12,600,000	\$393.75	Global Farms Enterprises	Vernon 2288 LLC

SIGNIFICANT LEASE TRANSACTIONS 2Q 2025

Property	Submarket	SF	Transaction Date	Landlord	Tenant
C3 Business Park	Central Los Angeles	445,767	May 2025	TIAA	YS Express (Sublease)
Freeway Springs Logistics Center	Mid-Cities	214,756	April 2025	The Orden Company	McKinley Packaging (Renewal)
Century Distribution Center	Mid-Cities	201,027	April 2025	Prologis, Inc	Paramount Logistics, Inc.
16050 Canary Ave	Mid-Cities	178,818	April 2025	Karney Management Company	Tomarco Contractor Specialties Inc
2100 E 38th St	Central Los Angeles	177,261	May 2025	Brookfield Property Group	Undisclosed (Sublease)

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery
Goodman Commerce Center	2401 E Wardlow Rd	South Bay	504,810	Goodman North America	June 2025
Dominguez Commerce Center	2001 E Dominguez St	South Bay	429,112	Brookfield Property Group	June 2025
Whittier Boulevard Business Center	12352 Whittier Blvd	Mid-Cities	292,303	Western RealCo	December 2025
15010 Don Julian Rd	15010 Don Julian Rd	SGV	219,242	Rexford Industrial Realty, Inc.	December 2025
9615 Norwalk Blvd	9615 Norwalk Blvd	Mid-Cities	201,571	Rexford Industrial Realty, Inc.	June 2025
1600 W 135th St	1600 W 135th St	South Bay	190,860	SGL Carbon Inc.	October 2025

Data Source: EDD, CoStar



Kidder Mathews is the largest fully independent commercial real estate firm in the Western U.S., with over 900 real estate professionals and staff in 20 offices in Washington, Oregon, California, Idaho, Nevada, and Arizona. We offer a complete range of brokerage, appraisal, asset services, consulting, and debt & equity finance services for all property types.

The information in this report was composed by the Kidder Mathews Research Group.

GARY BARAGONA
Vice President, Research
415.229.8925
gary.baragona@kidder.com

DARREN TAPPEN
Regional President, Brokerage
602.513.5112
darren.tappen@kidder.com
LIC N° SA510719000

COMMERCIAL
BROKERAGE

\$9B

AVERAGE ANNUAL
TRANSACTION VOLUME

26.2M

ANNUAL
SALES SF

36.7M

ANNUAL
LEASING SFASSET
SERVICES

58M SF

MANAGEMENT
PORTFOLIO SIZE

850+

ASSETS UNDER
MANAGEMENT

250+

CLIENTS
SERVEDVALUATION
ADVISORY

2,400+

AVERAGE ANNUAL
ASSIGNMENTS

39

TOTAL
APPRAISERS

24

WITH MAI
DESIGNATIONS

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